

Homeowners Revolt Against Tax Assessors

**Rising Property Levies Spur
Lawsuits, Calls for Ousters;
Boston Tries a New Tack**

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As home prices and property taxes in many areas of the U.S. continue to reach new heights, homeowners are aiming their sights at a common target: the local tax assessor.

Angry about higher tax bills, and not content with the formal appeals process, citizens are suing assessors or calling for their ouster. In other cases, mounting pressure is prompting city councils and community organizations to arrange grilling sessions where the spotlight is on the assessor to explain why assessed values and tax bills have gone through the roof.

Outraged by the big increases in their property assessments, Madison County, Ga., residents flooded the tax assessor's office last summer with 1,500 appeals, and sought the resignations of the entire board of assessors. In Essex County, N.J., about 100 citizens packed their local synagogue in West Orange, N.J., in October for a special meeting with town officials, including the mayor, to discuss rising property taxes.

"People were feeling it has gotten out of control," says Michael Luxenberg, president of Congregation Ahawas Achim B'nai Jacob and David. "You think you can afford a home and taxes keep going up a thousand dollars a year over the course of a few years. It really becomes unaffordable."



This Canaan, N.Y., property was assessed at \$317,381; the owner is part of a group suing the assessor.

Such outcries are a common feature of heated housing markets, as longtime homeowners who bought at much lower prices get hit with huge tax increases. Similar fervor helped give rise to California's Proposition 13 in the 1970s, which limited municipalities' ability to raise taxes there and led to similar laws around the country.

But the increases in assessments in many parts of the country are particularly dramatic this time around. In some areas, people who bought just a few years ago are seeing increases in their property-tax bills ranging from 30% to 40%. Homeowners in Harris County, Texas, which includes the city of Houston, saw increases in property taxes of more than 106% in seven years, partly due to a "hyper-accelerated housing market" in the county, says Paul Bettencourt, Harris County Tax Assessor-Collector. The average property tax bill for a median-valued single-family home in the U.S. was \$2,778 in 2004, up 9% from \$2,549 in 2002, according to the Minnesota Taxpayers Association, a St. Paul, Minn., public-finance research group.

A reason why assessments have jumped stems partly from a cash crunch at the local level. Many localities have been strapped for money during the past few years due to state cutbacks and the economic downturn combining with rising costs for education, law

enforcement and other services. So they turned to the housing market as a growing money pot.

While county, municipal and school boards set overall property tax rates, local assessors have enormous influence over how much each property owner pays. Property-tax bills are calculated by multiplying the assessed value of a home by the local tax rate. It's the assessor's job to provide these governments with an annual list of real-estate owners and estimated values of each property.

In general, assessors are supposed to base assessments on each property's estimated fair market value. But their methods can vary. In some cases, assessors will visit the property and do an evaluation to determine the assessed value. Sometimes they will look at sales of comparable properties in the area and then reset values. They could also visit a number of the properties and use the data to determine assessments for the area's properties.

There are a number of other factors that can affect the process. States vary significantly in terms of how local assessors are chosen and the credentials they are required to have. Financial support for the assessment process also widely differs, as do assessment and appeals laws, and state oversight. And assessors, who are either appointed or elected, face pressures from politicians or voters.

"Each affects the accuracy and fairness of real-estate assessment in material ways," says Robert P. Strauss, a Carnegie Mellon University professor of economics and public policy. Prof. Strauss studied assessments in four urban areas for 2001 and 2002 -- Washington, D.C., Baltimore City, Md., Allegheny County, Pa., and Cuyahoga County, Ohio -- and found "substantial variability" in the success of each assessor in achieving uniform assessments.

Assessors are taking steps to make the process more transparent, doing everything from computerizing the assessment process to making assessment data -- and themselves -- more accessible. In Boston, for example, the assessor's office teamed up with a local technology company to design a computerized system that provides assessors with detailed information about property boundaries and building footprints, among other things. Ronald W. Rakow, commissioner of assessing in Boston, said the high-tech system has helped keep assessment disputes in check. Ten years ago, Mr. Rakow says, his office got about 12,000 challenges. In 2003, the number was about 4,200.

In Louisiana, a group of legislators has proposed a constitutional amendment to limit assessment increases in response to complaints from homeowners across the state about property taxes for 2004 increasing from 100% to 500% after the state's most recent reassessment. The increases came after a state legislative audit found that many tax assessors ignored a law requiring all properties be reassessed at least every four years and assessors then worked hard to equalize assessments.

The number of assessment appeals and lawsuits against assessors has been on the rise in many parts of the country. Harris County, Texas, saw 176,328 property-tax appeals in 2004, an unusually high number because 2004 wasn't a property-value reappraisal year, says Mr. Bettencourt, the local assessor. The number of appeals in 2003, a reappraisal year, was 173,815. In New York state, the number of property-tax appeals that ended up going to state Supreme Court rose to 17,448 in 2003, from 15,638 in 2002, according to the Office of Court Administration.

In Canaan, N.Y., 51 residents filed a multipetitioner lawsuit in New York state Supreme Court against the town assessor, the three-member assessment review board and a host of town officials. In the suit, the homeowners claim they were unfairly targeted for higher assessments for subjective reasons such as being new to the area or their income level.

One resident, Michael Resnick, filed a separate lawsuit in the state high court last year after he found out that the assessed value of his two-bedroom home in Canaan rose \$100,000 in one year. That meant a \$3,000 rise in property taxes for Mr. Resnick to \$19,250 a year, which came as a surprise because he says there were no significant improvements to the property. After losing an appeal of the assessment, he filed suit, claiming he was assessed at an even higher percentage of fair-market value than other properties in town.

Clai Sommers, a homeowner, says her property is unlivable and is set for demolition, and yet it was assessed at \$317,381. The homeowners are seeking to have the town's 2004 property-tax assessments declared invalid and unconstitutional. "The system is flawed," says C. Crispen Mangiardi, the attorney representing Mr. Resnick and the other homeowners.

The defendants in the case referred calls to the town attorney, who wasn't available to comment. Arguments for both cases are set to begin during mid-February.

Homeowners who aren't happy with the outcome of the local appeals process can take their cases to a state-level appeal board or court if local and state avenues have been exhausted, says Peter Sepp, a spokesman for the National Taxpayers Union, a citizens' group in Alexandria, Va.

James M. Turteltaub, a partner at Carlin & Ward P.C., a Florham, N.J., law firm, points out that going to court can be a costly and time-consuming process that may not be worth the trouble if it's a matter of a few hundred dollars.

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